PART I - SECTION B

SUPPLIES OR SERVICES AND PRICES/COSTS

SECTION B

TABLE OF CONTENTS

BB 5/19/2000

SECTION B

SUPPLIES OR SERVICES AND PRICES/COSTS

B.1 SERVICES BEING ACQUIRED

Except as expressly set forth in this contract as furnished by the Government, the Contractor shall, in accordance with the terms of this Contract, provide services for handling, packaging, and storage of Spent Nuclear Fuel (SNF) at the Idaho National Engineering and Environmental Laboratory (INEEL). The Contractor shall furnish all goods and services required to place and maintain selected DOE-owned SNF at the INEEL in dry storage units, for interim storage suitable for off-site transportation. Work under the contract shall conform to Nuclear Regulatory Commission (NRC) requirements for licensing (and maintaining such license) for storage and transportation. The contractor shall design, license, construct, and operate a spent fuel dry transfer facility (DTF) and an independent spent fuel storage installation (ISFSI) to receive and transfer spent fuel into the dry storage units. The project consists of four phases: 1) Phase I-A: Design and NRC Licensing Application Preparation and Submittal; and Phase I-B: NRC Licensing Support and Final Design; 2) Phase II: Fabrication, Construction, and Start-up; 3) Phase III: Fuel Handling, Packaging, and Storage Operations, and 4) Phase IV (Optional), operation and maintenance of the ISFSI and the idle DTF. The DOE may also exercise options for the Contractor to transfer and store additional fuel and for the Contractor to decontaminate and decommission the facilities.

B.2 OBLIGATION OF FUNDS

The amount presently obligated under this contract is $ 51,985,000
(This value will be entered at time of award).

B.3 PRICES

The Contract shall be priced and the Contractor paid under one of the two methods of pricing and payment indicated in this clause. The actual method is the sole choice of the Government made at the time of contract award.

1. **Price Method 1 (Phases I – III):**

a. Phase I-A: Fixed Lump Sum Price:		$ 67,092,232
b. Phase I-B: Estimated Cost:		$ 4,974,687
	Fixed Fee:	$ 492,780
	Total Phase I-B	$ 5,467,467

BB 5/19/2000

c. Phase III:

Amortized Capital Costs Peach Bottom Fuel:

800 FHUs	Unit Price:	$ 142,445	Total:	$ 113,956,000

Processing Prices:

Peach Bottom Fuel:

1605 FHUs	Unit Price:	$ 12,509	Total:	$ 20,076,945

LWBR Fuel:

16,721fuel rods	Unit Price:	$ 416	Total:	$ 6,955,936

TRIGA Fuel:

1600 elements	Unit Price:	$ 2,413	Total:	$ 3,860,800

2. **Payment for Price Method 1 (Phases I – III):**

a. Phase I-A "DESIGN": Upon submittal of the NRC License Application(s) to the NRC, and upon notice of docketing and acceptance for review of the application by NRC, a lump sum payment for Phase I-A will be made.

b. Phase I-B "LICENSING": The Contractor will be reimbursed for all allowable costs plus the fixed fee.

c. Phase III "FUEL TRANSFER AND STORAGE": Capital costs shall be fully amortized during Phase III over the unit prices for satisfactory transfer and storage of 800 fuel handling units (FHUs) of the Peach Bottom Fuel based on the fuel delivery schedule in Section C, Attachment C-A-D of the General Specifications. The spent fuel placed in storage in completing Phase II shall be paid at the unit price for and included in the first 800 FHUs of Peach Bottom Fuel. Payment is subject to 5% retention releasable upon successful storage of the first 800 FHUs. In addition to the amortizing payments, payment during Phase III shall also include payments for processing and placing in storage the Peach Bottom, LWBR and TRIGA fuels at the unit prices for indicated above for each fuel, less 5% retention, releasable upon acceptance of all work required in Phase III. Payments will be made monthly for satisfactory transfer and storage of spent fuel.

bb 5/19/2000

Note: There will be partial elements in six Core 1 FHU containers. The fuel count vs. the FHU count and facility location is shown below.

Core Type	*Facility*	*Element*	*FHUs*
1	*CPP-603/FECF*	*1.5*	*4*
2	*CPP-603/IFSF*	*787*	*787*
1	*CPP-749*	*813*	*814*
Total	*NA*	*1,601.5*	*1,605*

3. **Price Method 2 (Phases I – III):**

a. Phase I-A, Fixed Lump Sum Price: $ [redacted]

b. Phase I-B, Estimated Cost: $ [redacted]

Fixed Fee: $ [redacted]

Total Phase I-B $ [redacted]

c. Phase II, Fixed Lump Sum Price: $ [redacted]

Note: There will be partial elements in six Core 1 FHU containers. The fuel count vs. the FHU count and facility location is shown below.

Core Type	*Facility*	*Element*	*FHUs*
1	*CPP-603/FECF*	*1.5*	*4*
2	*CPP-603/IFSF*	*787*	*787*
1	*CPP-749*	*813*	*814*
Total	*NA*	*1,601.5*	*1,605*

d. Phase III, Fixed Unit Prices:

Peach Bottom Fuel: 1605 FHUs Unit Price: $ [redacted] Total Price: $ [redacted]

LWBR Fuel: 16,721fuel rods Unit Price: $ [redacted] Total Price: $ [redacted]

TRIGA Fuel: 1600 elements Unit Price: $ [redacted] Total Price: $ [redacted]

4. **Payment for Price Method 2 (Phases I – III):**
The Contractor shall be paid progress payments based on performance in accordance with FAR 52.232-32 "PERFORMANCE BASED PAYMENTS" for Phases I-A and II. Payments for Phases I-A and II shall be in accordance with the amounts and limitations of the Schedule of Values (Section J, Attachment J-I). The Contractor will be reimbursed for all allowable costs plus the fixed fee for Phase I-B. Phase III payments shall be monthly for satisfactory transfer and storage of spent fuel at the rate per unit in paragraph B.3.3.d. above. All payments are subject to 5% retention, releasable upon acceptance of each Phase.

bb 5/19/2000

5. **<u>Price for Phase IV "POST STORAGE OPERATIONS" (Optional):</u>**

This price shall be for the operation and maintenance of the facilities in a standby status following completion of the loading operation. This paragraph 5 pricing will only apply when fuel is not being transferred and placed in storage. Should resumption of full operations of the Dry Transfer Facility be required pursuant to paragraph B.7, the Contractor shall enter into good faith negotiations for an equitable adjustment that satisfies FAR 15.4, for such operations. The monthly fixed prices for post storage operations are as follows:

a. Fixed Price for Maintenance of Dry Storage Facilities: $ 75,307 /month

b. Fixed Price for Maintenance of DTF in Standby Mode: $ 78,902 /month

B.4 AVAILABILITY OF FUNDS

Except as may be specifically provided in B.2 or in the clause entitled "Nuclear Hazards Indemnity Agreement," the Government's liability under this contract, including amounts required for a Termination for Convenience, is contingent upon the availability of appropriated funds from which obligations and payments for contract purposes can be made. No legal liability on the part of the Government for any payment may arise until Congress makes appropriated funds available to the Contracting Officer for this contract and until the Contractor receives notice of such availability, to be confirmed in writing by the Contracting Officer.

B.5 PHASE II, III AND PHASE IV, PRICE STRUCTURE AND BASIS FOR ECONOMIC PRICE ADJUSTMENT

1. Price Structure and Basis for Economic Price Adjustment.

   a. The economic price adjustment shall <u>not</u> apply to Phase IA, or Phase IB.

   b. The Phase II annual adjustment shall be based upon the percentage increase or decrease in the December index for the calendar year in which construction is performed. The Phase III annual adjustment shall be based on the percentage increase or decrease in the December index for the calendar year in which the unit of loaded SNF is scheduled by this contract to be placed in dry storage. The Phase IV annual adjustment shall be based on the percentage increase or decrease in the December index for the calendar year in which the monitoring and maintenance is performed.

BB 5/19/2000

2. Economic Price Adjustment Process.

   a. This economic price adjustment percentage shall be applied to the previous calendar year's work completed (B.3.1.c, or B.3.3.c. and B.3.3.d whichever is awarded as well as B.3.5, if exercised) and shall be invoiced upon availability of that year's applicable December index described below. The contract base for price adjustments under this clause shall be December 1999.

   b. The value of the prior year's completed work shall be adjusted upward or downward once annually, effective January 1 of each performance year), based on the annual change in the nationally published index entitled "Construction Cost Index " at http://www.enr.com/cost/costcci.asp for Phase II, and the "Employment Cost Index, Wages and Salaries, All Private Industry Workers (Labor)," at ftp://146.142.4.23/pub/special.requests/ocwc/ect/echistry.pdf and/or ftp://146.142.4.23/pub/special.requests/ocwc/ect/echistry.txt for adjusting the Phase III and Phase IV unit prices (B.3.1.c, or B.3.3.d, whichever is awarded as well as B.3.5, if exercised). The index for Phase III and Phase IV shall be applied to the total unit price.

3. The Contractor shall flow these adjustments down to subcontracts that are $1,000,000 or more in value.

B.6 OPTION FOR PHASE IV, MONITORING AND MAINTENANCE

The Government may exercise the option, at any time prior to the completion of Phase III, to retain the services of the contractor to monitor and maintain the dry transfer facility and dry storage units in accordance with all license and permit requirements and other requirements of this contract. This work would commence after the complete loading of all fuel specified in paragraph B.3 above. The fixed price per month included in B.3.5 above, with economic price adjustments as provided in paragraph B.5, shall be full and complete payment for these services. If this option is exercised, it may be renewed every five years. The Government shall have the right to terminate Phase IV in accordance with Section H and Section I of this contract.

B.7 OPTION FOR ADDITIONAL FUEL TRANSFER & STORAGE

The Government is in possession of other spent nuclear fuel, including spent fuel that is not "commercial" fuel, but may satisfy the licensing requirements of the NRC. The Government shall have the option to unilaterally direct the contractor to provided services for handling, packaging and storage of this fuel. The Government shall notify the Contractor in accordance with Section I, clause FAR 52.217-9 OPTION TO EXTEND THE TERM OF THE CONTRACT (MAR 1989). The Contractor shall enter into good faith negotiations to establish a fair and reasonable price that satisfies FAR 15.4, per loaded unit of spent fuel for each type and quantity of fuel the Government determines necessary to be processed through the facility. If there is a failure to mutually agree upon a price(s), the Contracting Officer shall unilaterally establish price(s) subject to the Disputes Clause.

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5/19/2000

[redacted]

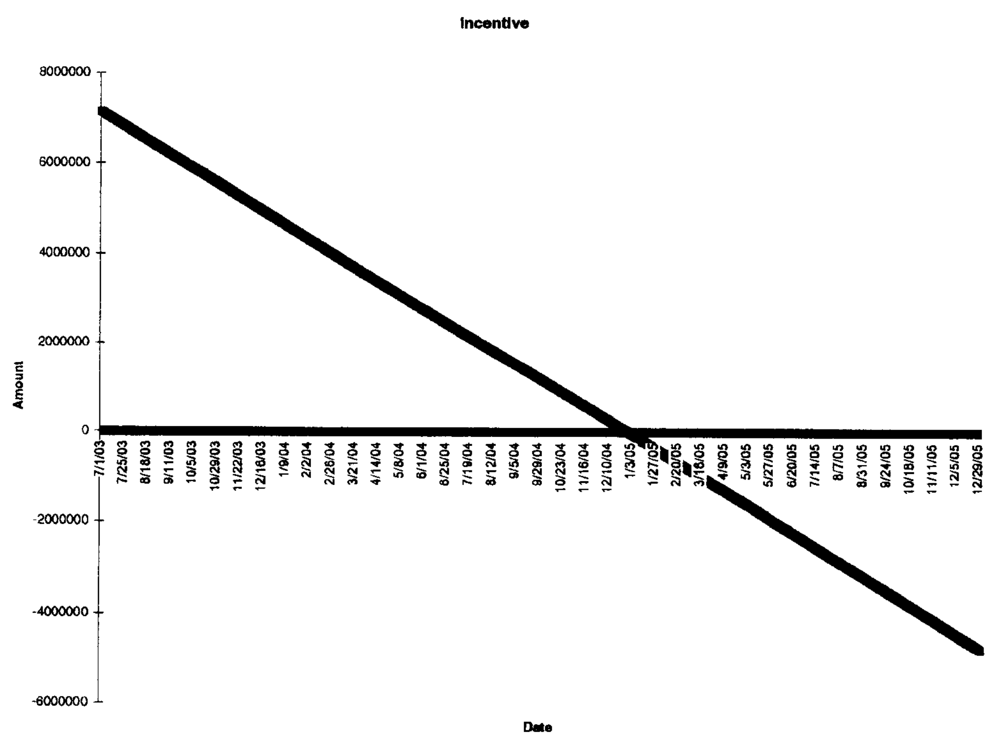
B.8 SCHEDULE INCENTIVE

The target date for completion of Phase II as defined in Section C, paragraph C.2.c, is December 31, 2004. The pricing above is based upon completing Phase II on December 31, 2004. However, it is the Government's desire to have an earlier completion. For its successful early completion of Phase II, the contractor will receive an incentive payment of $13,000 per day for every day before December 31, 2004 that the Contractor has saved. Any incentive earned will be paid within 60 days of completion of Phase II. No incentive will be paid for completion of Phase II on December 31, 2004.

For its completion of Phase II after December 31, 2004, the Government shall reduce as liquidated damages the total fixed price for Phase II as provided in Clause B.10 "FAR 52.211-12, 'LIQUIDATED DAMAGES—CONSTRUCTION (APR 1984)

No incentive will be paid in the event of a termination of this contract occurring prior to the completion of Phase II. Any incentive payment or liquidated damages reduction is not subject to the economic price adjustment provisions of this contract.

The graph below describes the profile of this incentive.



Amounts are in Dollars. The intersection is 12/31/2004 at $0.00

BP 5/19/2010

B.9 FUNDING OBLIGATIONS

Clause B.2 of this contract identifies the amount of appropriated funds presently obligated and available for payment by the Government under this contract. The parties contemplate that the Department of Energy will obligate additional funds incrementally to the contract as necessary to secure timely contract performance in accordance with the contract schedule and to meet the Government's termination liability requirements in the event of a termination for convenience. The Contractor shall provide an annual update of funding profile and schedule of values, required elsewhere in this contract, by March 1 of each year, which will be used as the basis for the Department of Energy's budget and appropriation requests to Congress. The Department of Energy shall endeavor to give this contract a high priority within its appropriated funds for each year of contract performance; provided, however, that nothing in this contract shall be considered to bind or otherwise obligate the Congress to appropriate funds sufficient to cover contract requirements.

The Contractor shall notify the Contracting Officer in writing whenever it has reason to believe that the payments due from the Department of Energy under this contract within the next 60 days, when added to all payments previously made and the amount that would be due in the event of a termination for convenience, will in the event of a termination for convenience exceed the amount obligated on this contract. The Contractor's written notice shall specifically identify the payments made to date, and the nature and amount of expected or anticipated payments that would result in payments exceeding the amount obligated. The Contractor is not required to continue contract performance which would result in payment obligations on the part of the Government which exceed the amount obligated, and in the event it does continue contract performance it does so at its own risk. If the Contractor continues work and the Department of Energy subsequently obligates additional funds to the contract, the Contractor may recover such funds to the extent permitted by Clause B.4 of this contract.

If the performance of all or any part of the work of this contract is delayed, or the cost of performance increased, caused solely by the failure of the Government to obligate additional funds sufficient for timely performance of the contract, an adjustment shall be made for any increase in the cost of performance of this contract caused by the delay, and the contract shall be modified in writing accordingly. Adjustment shall also be made in the delivery or performance dates, and any other contractual term or condition affected by the delay. A delay in obligating additional funds for performance of more than 90 days (or such other period as may be mutually agreed upon) will result in the contract being terminated for convenience.

bb 5/19/2000

B.10 FAR 52.211-12 LIQUIDATED DAMAGES – CONSTRUCTION (APR 1984)

(Note: This clause is applicable only to the completion of Phase II).

(a) If the Contractor fails to complete the work within the time specified in the contract, or any extension, the Contractor shall pay to the Government as liquidated damages, the sum of $13,000 for each day of delay.

(b) If the Government terminates the Contractor's right to proceed, the resulting damage will consist of liquidated damages until such reasonable time as may be required for final completion of the work together with any increased costs occasioned the Government in completing the work.

(c) If the Government does not terminate the Contractor's right to proceed, the resulting damage will consist of liquidated damages until the work is completed or accepted.

BB
5/19/2000